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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER,
CHAIRMAN
WILLIAM A. MUNDELL,
COMMISSIONER
JEFF HATCH-MILLER,
COMMISSIONER
MIKE GLEASON,
COMMISSIONER
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COMMISSIONER

Arizona Corporation Commission

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IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WEST WATER AND
WASTEWATER DISTRICTS.

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, INC.,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS SUN CITY WATER AND
WASTEWATER DISTRICTS.

IN THE MATTER OF THE
APPLICATION OF ARIZONA-
AMERICAN WATER COMPANY, AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS MOHAVE WATER AND HAVASU
WATER DISTRICTS.

Docket Nos. WS-01303A-02-0867
WS-01303A-02-0868
W-01303A-02-0869
WS-01303A-02-0870
W-01303A-02-0908

OPENING BRIEF OF
INTERVENOR SUN HEALTH
CORPORATION

1 IN THE MATTER OF THE
2 APPLICATION OF ARIZONA-
3 AMERICAN WATER COMPANY, AN
4 ARIZONA CORPORATION, FOR A
5 DETERMINATION OF THE CURRENT
6 FAIR VALUE OF ITS UTILITY PLANT
7 AND PROPERTY AND FOR INCREASES
8 IN ITS RATES AND CHARGES BASED
9 THEREON FOR UTILITY SERVICE BY
10 ITS ANTHEM WATER, AGUA FRIA
11 WATER AND ANTHEM/AGUA FRIA
12 WASTEWATER DISTRICTS.

7 IN THE MATTER OF THE
8 APPLICATION OF ARIZONA-
9 AMERICAN WATER COMPANY, AN
10 ARIZONA CORPORATION FOR A
11 DETERMINATION OF THE CURRENT
12 FAIR VALUE OF ITS UTILITY PLANT
13 AND PROPERTY AND FOR INCREASES
14 IN ITS RATES AND CHARGES BASED
15 THEREON FOR UTILITY SERVICE BY
16 ITS TUBAC WATER DISTRICT.

14 DESCRIPTION OF SUN HEALTH

15 Sun Health is a non-profit tax exempt corporation that operates a community
16 health care network offering a full range of health and wellness services to residents of
17 northwest Maricopa County, primarily in the communities of Sun City, Sun City West,
18 Youngtown, El Mirage and Surprise. Sun Health owns and operates two acute care
19 hospitals, a skilled nursing facility, an Alzheimer's facility, two hospice residences, a
20 home health agency, a residence for developmentally disabled adults, four physician
21 clinics, a research institute and a nursing school program.¹ Sun Health operates two
22 major hospital facilities - the Walter O. Boswell Memorial Hospital, a 343 licensed bed
23
24
25

26 ¹ Sellner testimony, p. 2.

1 hospital and the Del E. Webb Memorial Hospital, a 269 licensed bed facility.² In addition
2 to the hospitals Sun Health provides a wide range of health services including home care
3 services, an Alzheimer's residence, a hospice facility, personal care services, community
4 education services and a senior center.³ As a non-profit organization, Sun Health
5 primarily supports itself through contributions and a wide network of volunteers.⁴
6

7 SUMMARY OF SUN HEALTH'S POSITION

8 Sun Health intervened in this matter to address the sole issue of Staff's rate design.
9 Staff is proposing a three-tiered inverted block structure with break over points at 4,000
10 gallons and 100,000 gallons. Staff is recommending this rate design as it believes it will
11 "encourage planners to design growth to efficiently use water, to promote a reduction in
12 the average use in the long term and to reduce the incremental cost of future growth
13 consistent with its increasing cost."
14
15

16 As set forth in its testimony, Sun Health supports the goal of conservation,
17 including the encouragement of conservation through pricing structures. But, Sun Health
18 is concerned that Staff's rate design will not promote water conservation and will unfairly
19 penalize commercial customers like Sun Health. It is Sun Health's understanding that the
20 Applicant has proposed a compromise rate design that would encourage conservation, but
21 Staff has been unable to complete its review and analysis of this proposal at this date.
22 Sun Health respectfully requests that as part of the Commission's Order for this rate case,
23
24

25 ² Sellner testimony, p. 3.

26 ³ Sellner testimony, p.3

1 it adopt a rate structure along the lines of the Applicant's proposal which would include
2 separate break over points for residential and commercial customers. A copy of the
3 Applicant's proposal is attached. Sun Health takes no position on the revenue
4 requirement aspects of this proposal, only on the rate structure. Sun Health also
5 emphasizes that it has not been able to fully analyze applicant's proposed structure, and
6 Sun Health reserves the right to supplement this response at such time as the analysis is
7 complete.
8

10 ARGUMENT

11 1. Staff's Proposed Rate Design

12 Staff through its witness, Dennis Rogers, states that the purpose of its rate design is
13 to recognize "the growing importance of managing water as a finite resource and its
14 increasing cost."⁵ Staff goes on to state that the recommended rate design will encourage
15 "planners to design growth to officially use water, to promote a reduction in average use
16 in the long term, and to reduce the incremental cost of future growth consistent with its
17 increase in cost."⁶ To accomplish these goals, Staff recommended a three-tiered inverted
18 block rate structure with break over points at 4,000 gallons and at 100,000 gallons of use
19 for each system across all meter sizes and all customer classes with the exclusion of
20 customer/irrigation and fire protection customers.⁷
21
22

24 ⁴ Sellner testimony, p.5

25 ⁵ Roger's direct testimony, p.5

26 ⁶ Rogers direct testimony, p. 5.

⁷ Rogers direct testimony, p. 5.

1 **2. Staff proposal will not result in conservation.**

2 Staff's proposal will not encourage conservation because the break over points fail
3 to account for the difference in consumption between residential and commercial
4 customers. The Applicant's expert on rate design testified that it made no sense to have
5 the same break over points applicable to all meters and customer classes.⁸ An effective
6 rate conservation design would require Staff to look at bill counts for each customer class
7 and the water usage patterns to determine the appropriate break over points.⁹

8 Staff did not examine the bill counts or conduct any specific analysis to determine
9 the break over points. In response to questions how the break over points were
10 established, Staff witness Rodgers stated that "[I]t was discussed and thought that 4,000
11 seemed to be an appropriate level. It was just staff's professional judgment."¹⁰ Rodgers
12 went on to say that no scientific papers were consulted in establishing the break over
13 points.¹¹

14 Because the break over points are not based on usage they will not encourage
15 water conservation. For example the 100,000 gallon break over point is too high to affect
16 a residential customer's usage. This was illustrated by the Applicant's witness Kozoman
17 "[I]n other words, for residential customers in Sun City, 100,000 gallons of water, unless
18 they are raising rice in the back yard, there would be no need for 100,000 gallons of
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20
21
22
23

24 ⁸ Koozoman redirect page 443, December 8, 2003.

25 ⁹ Kozman redirect page 443, December 8, 2003.

26 ¹⁰ Rodgers cross page 1067, December 11, 2003.

¹¹ Rodger cross page 1071, December 11, 2003.

1 water.”¹² While the break over point is too high to encourage conservation among
2 residential customers, it is too low to encourage conservation among commercial
3 customers. Sun Health’s hospitals require millions of gallons of water each month. It is
4 not possible for Sun Health to reduce its consumption below the 100,000 gallon break
5 over point.
6

7 Staff’s proposed structure is unsupported by any study. It will not result in
8 conservation. Under Staff’s proposal Sun Health, a non profit corporation will end up
9 subsidizing customers and businesses that have lower water usage demands.
10

11 **2. Sun Health Recommends the Commission Adopt a Rate Structure Along the**
12 **Lines of the Applicant’s Proposal, with Separate Break over Points for**
13 **Commercial Customers.**

14 Sun Health recommends the Commission adopt a rate structure along the lines of
15 Applicant’s proposal which includes separate break over points for residential and
16 commercial customers and which encourages conservation.

17 Staff agreed that it is possible to design a rate structure with separate break over
18 points for different customer classes and meter sizes that would encourage conservation.¹³
19 One of the reasons Staff did not propose such a structure is because of a lack of time and
20 resources.¹⁴ If Sun City or Sun City West had come in by itself, Staff’s proposal would
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22
23

24 ¹² Kozoman redirect, page 444, December 8, 2003.

25 ¹³ Rodgers cross page 1120, December 11, 2003.

26 ¹⁴ Id.

1 have taken into account meter size when establishing the break over points.¹⁵ Staff
2 further testified that one of the reasons for establishing “the 4 and 100,000 gallon limits
3 was to energize the company to come along and make a counter –analysis, counter
4 proposal.”¹⁶

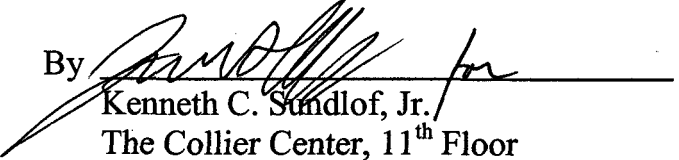
6 **3. Conclusion**

7 An effective conservation rate requires an analysis of customer usage by meter size
8 and customer class. Staff failed to conduct such an analysis in this case because it lacked
9 the time and resources. The Applicant and Staff agree that a rate design based on
10 customer class and meter size can promote conservation. Sun Health recommends the
11 Commission adopt a rate structure along the lines of the Applicant’s proposal which will
12 promote conservation in a fair and equitable manner.
13

14 RESPECTFULLY SUBMITTED this 4th day of February, 2004.

16 JENNINGS, STROUSS & SALMON, P.L.C.

18 By


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25 _____
26 ¹⁵ Rodgers cross page 1107, December 11, 2003.

¹⁶ Id.

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By 

TO: ALL PARTIES

FROM: ARIZONA-AMERICAN WATER COMPANY

RE: DOCKET NOS. WS-01303A-02-0867;
WS-01303A-02-0868;
W-01303A-02-0869;
WS-01303A-02-0870;
W-01303A-02-0908

DATE: JANUARY 23, 2003

Attached is an explanation of Arizona-American Water Company's proposed conservation-oriented rate design and schedules for each water district illustrating how this rate design would work, based on the water company's rejoinder revenue requirement.

cc: Steve Olea (via hand delivery)
Timothy Sabo (via hand delivery)
Darron Carlson (via hand delivery)
Daniel Pozefsky (via hand delivery)
Robert Taylor (via hand delivery)
Larry Udall (via hand delivery)
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1504661.1/73244.034

ARIZONA-AMERICAN WATER COMPANY
Docket Nos. W-01303A-02-0867, et al.

Proposed Conservation-Oriented Rate Design

Arizona-American Water Company ("Arizona-American" or "the Company") has developed a conservation-oriented rate structure involving the use of inverted-block rates. This rate design, discussed below, is similar to the inverted-block rate structure proposed by Staff. However, in contrast to Staff's proposal, different rate structures are proposed for residential and commercial/industrial customers. Under this approach, rates can be better designed to encourage large-volume customers *within each class* to reduce their water usage. The break-over points and rate blocks within each class are set to reflect the usage characteristics of that class, as explained below.

In contrast, the inverted-block rate design proposed by Staff would apply to all customers regardless of the water district, customer type and meter size, and would have little impact on residential customers (the primary water user served by Arizona-American). Under Staff's proposal, a substantial portion of the revenue requirement would be shifted to customers on larger-sized meters without regard to their cost of service or conservation potential. This would be inequitable to those customers. Moreover, it would ignore the bulk of the Company's customers.

Attached are schedules prepared by the Company's rate design witness, Ronald L. Kozoman, illustrating the rate design that would be implemented for each water district (Agua Fria, Anthem, Sun City, Sun City West, Mohave, Havasu and Tubac). In order to develop these rates, the Company has used the revenue requirement for each water district based on the Company's rejoinder filing. Obviously, the specific monthly minimums and commodity rates shown in the schedules would change if different revenue requirements are authorized by the Commission. However, the Company believes the approach described below is reasonable and

will agree to its implementation in this case. The Company reserves the right to seek modifications to this rate design in a subsequent rate case.

A. Monthly Minimum Charges.

The monthly minimum charges for all customer classes are determined by meter size and are based on 65% of the monthly minimum charges computed in the cost of service studies prepared by Mr. Kozoman, which are attached to Mr. Kozoman's Rebuttal Testimony (Exhibit A-62). It is important to keep in mind that these monthly minimum charges are based on *Staff's* original cost rate base, accumulated depreciation and expense levels. For this reason, the monthly minimum charges in the attached schedules are arguably understated. Hopefully, this conservative approach will avoid any disagreements. Except as discussed below, no gallons of water are included in the monthly minimum charges, i.e., there is no "free" water.

For the Mohave and Havasu water districts, the monthly minimum charge for multi-family residential customers (e.g., apartment complexes and mobile home parks) is based on the computed monthly minimum charge for a 5/8-inch meter multiplied by the number of units in the complex. Similarly, in those water districts, monthly minimum charges for multi-unit commercial customers (e.g., strip shopping centers) are based on the monthly minimum charge for a 5/8-inch meter multiplied by the number of units in the complex. In addition, for all multi-family residential and multi-unit commercial customers, 1,000 gallons of water will continue to be included in the monthly minimum charge. The total gallons included in each customer's minimum monthly billing will be equal to 1,000 gallons multiplied by the number of units.

B. Inverted-Block Commodity Rates.

1. Development of Break-Over Points and Water Use Tiers.

All residential customers will have a three-tier inverted-block commodity rate. The break-over point between the three tiers will be set at approximately 33% and 67% of the

consolidation factor. The same break-over point will apply to all residential customers, regardless of meter size. This will address (among other things) the problem in the Anthem water district, where some residential customers are required to have 1-inch meters for interior fire sprinklers, regardless of their normal water use. Each water district will have its own set of break-over points based on that district's test year water use characteristics. The break-over points for each water district are shown on the attached schedules.

All non-residential general metered customers¹ will have a two-tier inverted-block commodity rate. In contrast to residential customers, the break-over points for these customers will vary based on meter size, again with each water district having its own set of break-over points based on its customers' water use characteristics. The break-over points are based on 60% of the relevant consolidation factor for each meter size. (If there are no customers being served by a particular sized meter, the Company has used the next size smaller meter size tier, divided by the gallons per minute flow and multiplied by the gallons per minute flow of the meter size tier being computed.) This results in a more equitable rate design, as opposed to treating commercial customers on 3/4-inch and 1-inch meters the same as commercial customers on 4-inch and 6-inch meters.

Multi-family residential customers in the Mohave and Havasu water systems have a three-tier inverted-block commodity rate. The break-over points for these customers is based on the consolidation factors for the residential customer class of each district, multiplied by the number of families served in an individually metered complex. Multi-unit commercial customers in the Mohave district have a two-tier inverted-block commodity rate. The break-over

¹ Multi-family residential (Mohave and Havasu districts) and multi-unit commercial customers (Mohave district) are excluded from non-residential general metered customers and are treated differently, as explained below.

point for these customers is based on the consolidation factor for the 5/8-inch commercial meter multiplied by the number of units served.

2. Development of Commodity Rates.

For residential customers, the commodity rate applicable to all gallons in the first (lowest) tier would be equal to 70% of the base rate.² The commodity rate applicable to usage in the second (middle) tier is equal to 120% of the base rate, while the commodity rate applicable to usage in the third (highest) tier is equal to 180% of the base rate. Specific commodity rates have been computed for each residential tier for each water district, based on the Company's rejoinder revenue requirement, as shown in the attached schedules.

For all non-residential general metered customers, the commodity rate applicable to all usage in the first (lower) tier is equal to 120% of the base rate. The commodity rate for usage in the second (upper) tier is equal to 180% of the base rate. Again, specific commodity rates have been computed for each tier for each water district, as shown in the attached schedules. However, as discussed above, while the commodity rates for the first and second tiers will be uniform for each district, the break-over points vary for non-residential general metered customers by meter size.³

For multi-family residential customers in the Mohave and Havasu systems, the commodity rates will be equal to 70% of the base rate in the first tier, 120% in the second tier, and 180% of the base rate in the third tier. For the multi-unit commercial customers in the

² The base rate is the commodity rate that produces the Company's rejoinder revenue requirement, using the computed residential and commercial tiers and percentage of the base rate.

³ For Sun City and Mohave only, the break-over points were computed for the customer class as a whole, rather than by meter size. The break-over point for the irrigation customer class in Sun City was also computed as a class rather than by meter size.

Mohave system, the commodity rates will be equal to 120% in the first tier, and 180% in the third tier.

C. Other Customer Classes.

Special classes of customers, such as customers purchasing water from the Company for resale and construction uses, will pay a monthly minimum charge based on the size of the meter from which the water is provided. Additionally, these customers will pay a commodity rate based on 180% of the base rate.

D. Other Rate Design Issues.

In order to simplify rate design issues and eliminate disputes, Arizona-American is not proposing a low-income or "lifeline" tariff in this case. It is not clear that a special, discounted rate for customers who meet an appropriate eligibility requirement is necessary in this case, particularly given that all water in the first commodity rate block for residential customers will be priced at only 70% of the base rate, i.e., below cost.

In addition, Arizona-American is not proposing any adjustment to revenues based on the impact of the inverted-block rate design on customer water usage, nor is the Company proposing the implementation of a balancing account or other mechanism that would allow recovery of the difference between the actual revenue collected under the inverted-block rate design and the amount that would have been collected under a uniform commodity rate design. As stated, Arizona-American reserves the right to request modifications to this rate design, as well as an adjustment to test-year revenues and/or the establishment of a balancing account, in a future rate proceeding.

1503384.1/73244.034

**Arizona American - Agua Fria Water Division
Test Year Ended December 31, 2001
Proposed Rates**

Rejoinder Revenue Requirement										6,307,026						
Computed Revenues, from Proposed Rates										6,306,959						
Percent Increase over Present Rates																
Line No.	Present Monthly Minimums	Percent of Water Sales	(a) Computed Monthly Minimums	Proposed Monthly Minimums	(b) Percent of Computed Monthly Minimums	Gallons Included In Minimum	(c)			(d)			Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
							Tier One Break-Point	Tier Two Break-Point	Tier Three Break-Point	70% Tier One Rate (Rounded)	120% Tier Two Rate (Rounded)	180% Tier Three Rate (Rounded)				
1	Residential Rates:															
2	5/8 Inch	\$ 10.00	45.88%	\$ 21.17	\$ 13.76	0	4,000	10,000	10,001	\$0.998	\$1.711	\$2.567	3,329,615	3,485,141	155,527	4.67%
3	3/4 Inch	15.00	0.51%	27.60	17.94	0	4,000	10,000	10,001	0.998	1.711	2.567	37,804	38,346	542	1.43%
4	1 Inch	25.00	5.59%	40.46	26.30	0	4,000	10,000	10,001	0.998	1.711	2.567	409,459	413,689	4,210	1.03%
5	1 1/2 Inch	53.00	1.41%	72.62	47.20	0	4,000	10,000	10,001	0.998	1.711	2.567	83,967	90,294	6,328	7.54%
6	2 Inch	80.00	5.97%	111.21	72.29	0	4,000	10,000	10,001	0.998	1.711	2.567	372,404	406,191	33,787	9.07%
7	3 Inch	155.00	0.00%	201.26	130.82	0	4,000	10,000	10,001	0.998	1.711	2.567	-	(0)		
8	4 Inch	200.00		329.90	214.44	0	4,000	10,000	10,001	0.998	1.711	2.567				
9	6 Inch	400.00		651.49	423.47	0	4,000	10,000	10,001	0.998	1.711	2.567				
10	8 Inch	800.00		1,092.39	710.05	0	4,000	10,000	10,001	0.998	1.711	2.567				
11																
12	Computed Charge per 1,000 gallons of Water			\$ 1.42620												
13	Tier 1 Present Rate			\$ 1.78												
14	Tier 2 Present Rate			\$ 2.24												
15																
16																
17																
18																
19	Commercial Rates:															
20	5/8 Inch	\$ 10.00	0.05%	\$ 21.17	\$ 13.76	0	16,000	16,001	16,001	\$1.711	\$2.567		4,830	5,772	943	19.52%
21	3/4 Inch	15.00	0.07%	27.60	17.94	0	175,000	175,001	175,001	1.711	2.567		3,945	4,082	137	3.47%
22	1 Inch	25.00	0.48%	40.46	26.30	0	35,000	35,001	35,001	1.711	2.567		34,250	33,783	(467)	-1.36%
23	1 1/2 Inch	53.00	1.60%	72.62	47.20	0	87,000	87,001	87,001	1.711	2.567		106,451	97,111	(9,340)	-8.77%
24	2 Inch	80.00	6.15%	111.21	72.29	0	207,000	207,001	207,001	1.711	2.567		391,368	356,832	(34,536)	-8.82%
25	3 Inch	155.00	5.74%	201.26	130.82	0	565,000	565,001	565,001	1.711	2.567		357,919	321,689	(36,230)	-10.12%
26	4 Inch (1)	200.00		329.90	214.44	0	882,813	882,814	882,814	1.711	2.567		163,506	150,995	(12,512)	-7.65%
27	6 Inch	400.00	2.92%	651.49	423.47	0	1,857,000	1,857,001	1,857,001	1.711	2.567					
28	8 Inch (1)	800.00		1,092.39	710.05	0	2,971,200	2,971,202	2,971,202	1.711	2.567					
29																
30																
31	3 Inch Public Interruptible				Zero	Contract Rate				\$ 1.00			4,838	4,838	-	0.00%
32	6 Inch Public Interruptible		13.79%		Zero	Contract Rate				\$ 1.00			200,969	200,969	-	0.00%
33	8 Inch Public Interruptible		3.50%		Zero	Contract Rate				\$ 1.00			71,829	71,829	-	0.00%
34	10 Inch Public Interruptible		0.37%		Zero	Contract Rate				\$ 1.00			0	0	0	
35																
36	4 Inch Prison	200.00	5.95%		200.00					\$2.142			248,933	263,823	14,890	5.98%
37	Totals Water Sales		100.00%													
38	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.															
39	(b) Percent of Computed Monthly Minimum															
40	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.															
41	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.															
42	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.															
43	(f) Tier computed for 4 inch Commercial Meter computed by dividing meter flow from of 3 inch of 320 gpm multiplied by 500 gpm. For 8 inch meter, 6 inch meter flow divided by 1,000 gpm multiplied by 1,800 gpm.															

Line No.	Present Monthly Minimums	Proposed Monthly Minimums	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1	4 inch Private Fire	30.00	3,960	4,000	40	1.00%
2	6 inch Private Fire	45.00	12,420	12,544	124	1.00%
3	8 inch Private Fire	60.00	5,040	5,090	50	1.00%
4	10 inch Private Fire	120.00				
5	12 inch Private Fire	180.00				
6						
7	Miscellaneous Revenues		339,961	339,961	-	0.00%
8						
9	Total Revenues		6,183,467	6,306,959	123,492	2.00%
10						
11						

Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

Meter Size	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"	6"
Rate of Return at Present Rates:	9.03%	12.03%	17.68%	55.13%	48.11%	39.22%	70.20%	12.67%

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 2.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) Tier computed for 4 inch Commercial Meter computed by dividing meter flow from of 3 inch of 320 gpm multiplied by 500 gpm. For 8 inch meter, 6 inch meter flow divided by 1,000 gpm multiplied by 1,600 gpm.

Rate Schedule Summary

Three Tier Rates

Bill Comparison

		(a) Average Number of Customers	Revenues		Proposed Increase		
Line No.	Customer Classification and/or Meter Size	at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	11,197	7,002	\$ 22.46	\$ 22.89	0.42	1.89%
2	3/4 Inch Residential	87	10,027	33.78	32.27	(1.51)	-4.48%
3	1 Inch Residential	542	17,634	60.82	60.15	(0.67)	-1.09%
4	1.5 Inch Residential	23	102,940	279.90	300.03	20.13	7.19%
5	2 Inch Residential	58	175,037	468.40	510.20	41.80	8.92%
6	3 Inch Residential	0	15,667	186.41	159.62	(26.79)	-14.37%
7	4 Inch Residential	-	-	-	-	-	0.00%
8	6 Inch Residential	-	-	-	-	-	0.00%
9	5/8 Inch Commercial	20	4,561	18.12	21.56	3.45	19.02%
10	3/4 Inch Commercial	8	14,989	44.90	43.59	(1.31)	-2.92%
11	1 Inch Commercial	36	22,823	72.44	65.35	(7.09)	-9.79%
12	1.5 Inch Commercial	31	89,393	249.56	202.20	(47.36)	-18.98%
13	2 Inch Commercial	84	125,151	356.66	286.42	(70.23)	-19.69%
14	3 Inch Commercial	52	188,454	573.46	453.27	(120.19)	-20.96%
15	4 Inch Commercial	-	-	-	-	-	0.00%
16	6 Inch Commercial	3	1,816,455	4,465.18	3,531.42	(933.75)	-20.91%
17	8 Inch Commercial	-	-	-	-	-	0.00%
18	2 Inch Public Interruptible	0	-	-	-	-	0.00%
19	3 Inch Public Interruptible	0	1,612,667	1,612.67	1,612.67	-	0.00%
20	4 Inch Public Interruptible	-	-	-	-	-	0.00%
21	6 Inch Public Interruptible	3	8,319,765	8,319.76	8,319.76	-	0.00%
22	8 Inch Public Interruptible	3	1,995,250	1,995.25	1,995.25	-	0.00%
23	10 Inch Public Interruptible	1	755,400	755.40	755.40	-	0.00%
24	4 Inch Prison	1	10,170,500	20,744.41	21,985.21	1,240.80	5.98%
25	Construction	-	-	-	-	-	0.00%
26	4 Inch Private Fire	7	-	30.00	30.30	0.30	1.00%
27	6 Inch Private Fire	20	-	45.00	45.45	0.45	1.00%
28	8 Inch Private Fire	6	-	60.00	60.60	0.60	1.00%
29							
30							
31	Totals	<u>12,182</u>					
32							
33	Actual Year End Number						
34	of Customers:	<u>13,004</u>					
35							
36	(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.						

Rate Schedule Summary
Three Tier Rates
Page 1

**Arizona American - Anthem Water
Test Year Ended December 31, 2001
Proposed Rates**

Rejoinder Revenue Requirement										3,998,026		Percent Increase over Present Rates										-0.21%	
Computed Revenues, from Proposed Rates										3,998,031													
Line No.	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included In Minimum	(c) 33.00% Tier One Break-Point	(c) 67.00% Tier Two Break-Point	Tier Three Break-Point	(d) 70% Tier One Rate	(d) 120% Tier Two Rate	(d) 180% Tier Three Rate	Present Revenue	Proposed Revenue	Dollar Increase								
1	Residential																						
2	5/8 Inch	\$ 16.00	\$ 24.82	\$ 16.13	64.99%	0	4,000	10,000	10,001	\$ 0.656	\$ 1.125	\$ 1.688	3,506	2,788	(818)								
3	3/4 Inch	\$ 16.00	37.23	24.20	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688	687,990	706,316	18,426								
4	1 Inch	\$ 32.00	62.05	40.33	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688	748,944	758,361	9,417								
5	1 1/2 Inch	\$ 64.00	124.10	80.67	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688	2,834	3,214	380								
6	2 Inch	\$ 80.00	198.56	129.06	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688	61,222	59,613	(1,609)								
7	3 Inch	\$ 160.00	397.13	258.13	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688											
8	4 Inch	\$ 200.00	620.51	403.33	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688											
9	6 Inch	\$ 250.00	1,241.02	806.66	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688											
10	8 Inch		1,985.63	1,290.66	65.00%	0	4,000	10,000	10,001	0.656	1.125	1.688											
11																							
12	Computed Charge per 1,000 gallons of Water \$ 0.93750																						
13																							
14	Tier 1 Present Rate		\$ 2.00																				
15	Tier 2 Present Rate		\$ 2.00																				
16																							
17																							
18																							
19																							
20	Commercial																						
21	5/8 Inch	\$ 16.00	\$ 24.82	\$ 16.13	64.99%	0	22,000	22,001		\$ 1.125	\$ 1.688		3,706	4,534	828								
22	3/4 Inch	\$ 16.00	37.23	24.20	65.00%	0	5,332,500	5,332,501		1.125	1.688		53,466	40,682	(12,783)								
23	1 Inch	\$ 32.00	62.05	40.33	65.00%	0	235,000	235,001		1.125	1.688		32,335	23,382	(8,953)								
24	1 1/2 Inch	\$ 64.00	124.10	80.67	65.00%	0	221,000	221,001		1.125	1.688		114,250	101,106	(13,144)								
25	2 Inch	\$ 80.00	198.56	129.06	65.00%	0	4,892,500	4,892,501		1.125	1.688		39,029	39,063	33								
26	3 Inch	\$ 160.00	397.13	258.13	65.00%	0	7,644,531	7,644,532		1.125	1.688												
27	4 Inch (1)	\$ 200.00	620.51	403.33	65.00%	0	15,289,063	15,289,064		1.125	1.688												
28	6 Inch (1)	\$ 250.00	1,241.02	806.66	65.00%	0	24,462,500	24,462,501		1.125	1.688												
29	8 Inch (1)		1,985.63	1,290.66	65.00%	0																	

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used AOC Staff's Plant and Expenses. Cost of Service Study modified to Include Payment In Lieu of Revenues from Del Webb, which was offset against all functions.

(b) Percent of Computed Monthly Minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) 4, 6, & 8 Inch Commercial Meter Tiers computed as 3 Inch tier divided by 320 gpm, multiplied by 500, 1000, & 1,600 gpm respectively.

Rate Schedule Summary
Three Tier Rates
Page 2

Arizona American - Anthem Water
Test Year Ended December 31, 2001
Proposed Rates

Line No.	Present Monthly Minimums	Proposed Monthly Minimums	Tier One Rate	Tier Two Rate	Present Revenue	Proposed Revenue	Dollar Increase
1	Wholesale, 2 Inch Meter	1.37%	Zero	Zero	57,190	57,190	-
2	Wholesale, 3 Inch Meter	0.01%	Zero	Zero	61	61	-
3	Wholesale, 6 Inch Meter	2.13%	2,160	2,160	20,135	20,135	-
4	Wholesale, 10 Inch Meter		2,160	2,160	226,872	226,872	-
5	Citizens Resources (Treated)				(18,289)	(18,289)	-
6	Citizens Resources (Treated) Revenue Annualization						
7	Totals Water Sales	100.00%					
8							
9							
10	Private Fire Protection (Flat Rates)						
11	3 Inch	70.00			3,330	3,321	(9)
12	4 Inch	90.00			19,440	19,296	(144)
13	6 Inch	135.00					
14	8 Inch	180.00					
15	10 Inch	360.00					
16	Miscellaneous Revenues						
17	Total Revenues				1,950,387	1,950,387	-
18					4,008,408	3,998,031	(8,377)

Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

20	Meter Size →	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"	6"
21	Rate of Return at Present Rates:	16.50%	7.16%	9.15%	38.58%	21.46%	32.29%	-3.64%	-4.84%
22									
23									
24									
25	(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.								
26	Cost of Service Study modified to include Payment in Lieu of Revenues from Del Webb, which was offset against all functions.								
27	(b) Percent of Computed Monthly Minimum								
28	(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.								
29	(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.								
30	(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.								
31	(f) All 4, 6, & 8 inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 500, 1000, & 1,600 gpm respectively.								

Arizona American - Anthem Water
 (Formerly Known as Citizens Water Services / Water)
 Analysis of Revenue by Detailed Class at Average Usage
 Test Year Ended December 31, 2001

Rate Schedule Summary
 Three Tier Rates
 Bill Comparison

Line No.	Customer Classification and/or Meter Size	(a) Average Number of Customers		Revenues		Proposed Increase	
		at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	8	10,212	\$ 36.42	\$ 25.86	(10.56)	-29.00%
2	3/4 Inch Residential	1,642	7,753	31.51	31.05	(0.46)	-1.46%
3	1 Inch Residential	1,096	8,719	49.44	48.26	(1.18)	-2.38%
4	1.5 Inch Residential	3	7,361	78.72	87.08	8.35	10.61%
5	2 Inch Residential	13	168,705	417.41	406.33	(11.08)	-2.65%
6	3 Inch Residential						
7	4 Inch Residential						
8							
9	3/4 Inch Commercial	7	3,727	23.45	28.39	4.94	21.06%
10	1 Inch Commercial	17	107,951	247.90	161.78	(86.13)	-34.74%
11	1.5 Inch Commercial	3	263,879	591.76	393.79	(197.97)	-33.45%
12	2 Inch Commercial	25	130,084	340.17	275.41	(64.76)	-19.04%
13	3 Inch Commercial	9	201,964	563.93	485.34	(78.59)	-13.94%
14							
15							
16	2 Inch Wholesale						
17	3 Inch Wholesale	0	1,103,200	2,382.91	2,382.91	-	0.00%
18	6 Inch Wholesale	1	2,364	5.11	5.11	-	0.00%
19	10 Inch Wholesale	1	776,818	1,677.93	1,677.93	-	0.00%
20							
21	4 Inch Fire Protection	3	-	90.00	89.75	(0.25)	-0.28%
22	6 Inch Fire Protection	12	-	135.00	134.00	(1.00)	-0.74%
23							
24							
25							
26							
27	Totals	<u>2,841</u>					
28							
29	Actual Year End Number						
30	of Customers:	<u>3,222</u>					
31							

32 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona American - Havasu Water
Test Year Ended December 31, 2001
Proposed Rates

Rejoinder Revenue Requirement
Computed Revenues, from Proposed Rates

569,841
569,791

Rate Schedule Summary
Three Tier Rates
Page 1

29.06%

Percent Increase of Present Rates

Line No.	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Percent Computed Monthly Minimums	Gallons Included In Minimum	(c) 33.00% Tier One Break-Point				(d) 70% Tier One Break-Point				(d) 120% Tier Two Break-Point				(d) 180% Tier Three Break-Point				Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
							Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point	Point				
1	Residential:																						261,628	344,046	82,418	31.50%
2	5/8 Inch	\$ 10.00	60.67%	\$ 22.03	\$ 14.32	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
3	1 Inch	\$ 17.10	1.39%	41.34	26.87	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
4	1 1/2 Inch	\$ 24.00	0.00%	73.53	47.80	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
5	2 Inch	\$ 33.60	0.61%	112.16	72.91	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
6	3 Inch	\$ 45.60	0.00%	202.30	131.49	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
7	4 Inch	\$ 57.60	1.42%	331.06	215.19	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
8	6 Inch	\$ 200.00	0.00%	652.97	424.43	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-
9	8 Inch	\$ 400.00		1,123.07	730.00	0	3,000	10,000	10,000	10,000	10,001	0.835	\$ 0.835	1,432	1,432	1,432	1,432	1,432	1,432	1,432	1,432	2,148	2,148	-	-	-

\$ 1,1935

Computed Charge per 1,000 gallons of Water

Present Rates, Summer All Gallons \$ 1.42

Present Rate, Winter All Gallons \$ 1.31

	Present Monthly Minimums	Percent of Water Sales	(a)		Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included In Minimum	60.00%			120%			180%		
			Computed Monthly Minimums	Computed Monthly Minimums				Tier One Break- Point	Tier One Break- Point	Tier One Rate	Tier Two Break- Point	Tier Two Rate	Tier One Rate	Tier Two Rate		
15																
16																
17																
18																
19	Commercial															
20	5/8 Inch	\$ 10.00	5.43%	\$ 22.03	\$ 14.32	65.01%	0	32,000	32,001		\$ 1,432	\$ 2,148				
21	1 Inch	\$ 17.10	2.68%	41.34	26.87	64.99%	0	63,000	63,001		1,432	2,148				
22	1 1/2 Inch (1)	\$ 24.00	1.36%	73.53	47.80	65.00%	0	126,000	126,001		1,432	2,148				
23	2 Inch	\$ 33.60	12.55%	112.16	72.91	65.00%	0	55,000	55,001		1,432	2,148				
24	3 Inch	\$ 45.60	1.41%	202.30	131.49	65.00%	0	1,534,500	1,534,501		1,432	2,148				
25	4 Inch	\$ 57.60	0.00%	331.06	215.19	65.00%	0	128,000	128,001		1,432	2,148				
26	6 Inch (1)	\$ 200.00		652.97	424.43	65.00%	0	4,795,313	4,795,314		1,432	2,148				
27	8 Inch (1)	\$ 400.00		1,123.07	-	0.00%	0	7,672,500	7,672,505		1,432	2,148				

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) For Multi-family, consolidation factors are the residential consolidation factors at 33% & 67% multiplied by families served.

(1) 1 1/2 Inch Meter Tier computed as 1 inch tier divided by 60 gpm, and Multiplied by 100 gpm, and Multiplied by 100 gpm, and Multiplied by 1000, & 1,600 gpm, respectively.

**Rate Schedule Summary
Three Tier Rates
Page 2**

6,311	8,141	1,830	29.00%
10,532	10,532	-	0.00%
441,506	569,791	128,284	29.06%

Meter Size →	5/8" x 3/4"	1"	1 1/2"	2"	3"	4"
Rate of Return at Present Rates:	1.67%	79.23%		70.19%	33.91%	52.83%

(c) There set at percent of consolidation factor Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.

(c) All construction Water sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(8) All construction water, sales of lessors & 100% owned interest in water, plus minority interest in water, consolidated factors are the residential consolidation factors at 33% & 67% multiplied by families served.

(b) For Multi-family, consolidation factors are the residual consolidation factors at 50% & 61% multiplied of terms set out.

Rate Schedule Summary
Three Tier Rates
Bill Comparison

Arizona American - Havasu Water
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001
Going from Summer & Winter Commodity Rate to Year Round Rate

Line No.	Customer Classification and/or Meter Size	(a) Average Number of Customers at 12/31/01	Summer				Winter			
			Revenues		Proposed Increase		Revenues		Proposed Increase	
			Present Rates	Proposed Rates	Dollar Amount	Percent	Present Rates	Proposed Rates	Dollar Amount	Percent
1	5/8 Inch Residential	1,082	\$ 7,659	\$ 19.46	\$ 23.50	20.77%	\$ 18.72	\$ 23.50	4.77	25.49%
2	1 Inch Residential	0	569,250	824.02	1,240.67	50.56%	761.51	1,240.67	479.16	62.92%
3	1.5 Inch Residential	1	166,833	269.08	422.32	56.95%	250.84	422.32	171.48	68.36%
4	2 Inch Residential	-	-	45.60	131.49	188.36%	45.60	131.49	85.89	188.36%
5	3 Inch Residential	1	291,500	470.11	832.38	77.06%	438.16	832.38	394.23	89.97%
6	4 Inch Residential	33	22,384	40.37	46.37	14.89%	38.01	46.37	8.36	21.99%
7	5/8 Inch Commercial	5	68,625	113.13	129.17	14.18%	105.69	129.17	23.48	22.22%
8	1 Inch Commercial	2	76,793	141.23	198.48	40.54%	132.89	198.48	65.59	49.36%
9	2 Inch Commercial	4	489,810	739.71	832.90	12.60%	685.94	832.90	146.96	21.42%
10	3 Inch Commercial	1	192,833	330.00	537.75	62.95%	308.90	537.75	228.85	74.08%
11	4 Inch Commercial	1	160,250	605.08	744.01	22.96%	592.29	744.01	151.73	25.62%
12	Multi-Family 44	1	117,917	647.92	774.10	19.47%	641.11	774.10	132.99	20.74%
13	Multi-Family 56	1	208,583	845.31	956.23	13.12%	829.40	956.23	126.82	15.29%
14	Multi-Family 64	1	161,083	786.44	918.73	16.82%	775.87	918.73	142.86	18.41%
15	Multi-Family 65	1	305,250	1,008.32	1,125.48	11.62%	982.11	1,125.48	143.37	14.60%
16	Multi-Family 67	1	256,000	1,127.14	1,287.55	14.23%	1,108.77	1,287.55	178.78	16.12%
17	Multi-Family 89	1	134,167	1,065.68	1,342.66	25.99%	1,062.14	1,342.66	280.52	26.41%
18	Multi-Family 102	1	170,500	1,348.93	1,698.75	25.93%	1,344.37	1,698.75	354.39	26.36%
19	Multi-Family 129	1	192,000	1,585.38	2,006.27	26.55%	1,581.09	2,006.27	425.18	26.89%
20	Multi-Family 153	1	-	-	-	-	-	-	-	-
21	Totals	1,138	-	-	-	-	-	-	-	-
22	Actual Year End Number of Customers:	1,189	-	-	-	-	-	-	-	-

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona / American Mohave Water
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 1

Rejoinder Revenue Requirement 4,536,491
Computed Revenues, from Proposed Rates 4,535,179

Percent Increase over Present Rates 3.21%

Line No.	Present Monthly Minimums	Percent of Water Sales	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Gallons Included Monthly Minimums	Percent Increase over Present Rates						Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
						(c) 33.00% Tier One Break-Point	(c) 67.00% Tier Two Break-Point	(d) Tier Three Break-Point	(d) 70% Tier One Rate	(d) 120% Tier Two Rate	(d) 180% Tier Three Rate				
1 Residential															
2 5/8 Inch	\$ 8.65	61.88%	\$ 16.38	\$ 10.65	65.02%	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	2,698,132	2,770,379	72,247	2.68%
3 1 Inch	15.00	0.42%	\$ 29.34	19.07	55.00%	0	4,000	12,001	12,001	1.163	1.744	16,698	18,358	1,659	9.94%
4 1 1/2 Inch	25.00	0.00%	\$ 50.93	33.10	64.99%	0	4,000	12,001	12,001	1.163	1.744	-	-	-	-
5 2 Inch	30.00	0.43%	\$ 76.84	49.95	65.01%	0	4,000	12,001	12,001	1.163	1.744	13,257	13,705	449	3.38%
0.98 Residential Multi-Family															
1.98 5/8 Inch (1)	\$ 8.65	1.69%	\$ 16.38	\$ 10.65	65.02%	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	92,538	93,540	1,002	1.08%
2.98 1 Inch (1)	8.65	0.87%	\$ 16.38	10.65	55.02%	4,000	12,000	12,001	0.678	1.163	1.744	44,945	44,926	(19)	-0.04%
3.98 1 1/2 Inch (1)	8.65	0.18%	\$ 16.38	10.65	65.02%	4,000	12,000	12,001	0.678	1.163	1.744	15,946	17,760	1,813	11.37%
4.98 2 Inch (1)	8.65	3.97%	\$ 16.38	10.65	55.02%	4,000	12,000	12,001	0.678	1.163	1.744	234,403	242,100	7,697	3.28%
5.98 4 Inch (1)	8.65	0.30%	\$ 16.38	10.65	55.02%	4,000	12,000	12,001	0.678	1.163	1.744	17,845	18,818	1,172	6.64%
6.98 6 Inch (1)	8.65	2.22%	\$ 16.38	10.65	55.02%	4,000	12,000	12,001	0.678	1.163	1.744	152,270	158,400	6,129	4.03%
7.98 Rio Water Residential															
8.98 5/8 Inch	7.75	2.18%	\$ 16.38	\$ 10.65	65.02%	4,000	12,000	12,001	\$ 0.678	\$ 1.163	\$ 1.744	83,249	82,678	(571)	-0.69%
9.98 1 Inch	7.75	0.00%	29.34	19.07	55.00%	4,000	12,000	12,001	0.678	1.163	1.744	314	384	70	22.33%
11 2 Inch	7.75	0.00%	76.84	49.95	55.01%	4,000	12,000	12,001	0.678	1.163	1.744	286	737	451	158.08%
12 Commercial															
13 5/8 Inch	\$ 8.65	3.57%	\$ 16.38	\$ 10.65	65.02%	31,000	31,001	31,001	\$ 1.163	\$ 1.744		127,514	136,382	8,867	6.95%
14 1 Inch	15.00	2.66%	29.34	19.07	55.00%	31,000	37,001	37,001	1.163	1.744		93,752	98,409	4,657	4.97%
15 1 1/2 Inch	25.00	0.94%	50.93	33.10	64.99%	112,000	112,001	112,001	1.163	1.744		28,828	29,557	729	2.53%
16 2 Inch	30.00	11.66%	76.84	49.95	65.01%	148,000	148,001	148,001	1.163	1.744		366,265	389,851	23,586	6.44%
17 3 Inch	60.00	1.61%	137.31	89.25	65.00%	487,000	487,001	487,001	1.163	1.744		54,701	57,555	2,853	5.22%
18 4 Inch (2)															
19 6 Inch (2)															
20 8 Inch (2)															
21 10 Inch (2)															
22 Commercial Multi-Unit															
23 5/8 Inch (1)	\$ 8.65	0.34%	\$ 16.38	\$ 10.65	65.02%	31,000	31,001	31,001	\$ 1.163	\$ 1.744		20,393	20,396	4	0.02%
24 1 Inch (1)	8.65	0.04%	\$ 29.34	10.65	65.02%	31,000	31,001	31,001	1.163	1.744		3,056	3,419	363	11.86%
25 1 1/2 Inch (1)	8.65	0.09%	\$ 50.93	10.65	65.02%	31,000	31,001	31,001	1.163	1.744		2,619	2,344	(275)	-10.49%
26 2 Inch (1)	8.65	0.23%	\$ 76.84	10.65	65.02%	31,000	31,001	31,001	1.163	1.744		6,541	6,018	(523)	-7.99%
27 Computed Charge Per 1,000 Gallons of Water				\$ 0.96900											
28 Present Charge Per 1,000 Gallons of Water				\$ 1.48											
30 Present Charge Per 1,000 Gallons of Water				\$ 1.75											
31 Present Charge Per 1,000 Gallons of Water															
32															

(Consolidation Factor from 5/8 Inch Commercial Meter, Times Number of Units Served)

70.00%	\$ 1.163	\$ 1.744	20,393	20,396	4	0.02%
31,000	31,001	31,001	3,056	3,419	363	11.86%
31,000	31,001	31,001	2,619	2,344	(275)	-10.49%
31,000	31,001	31,001	6,541	6,018	(523)	-7.99%

Computed Charge Per 1,000 Gallons of Water \$ 0.96900

Present Charge Per 1,000 Gallons of Water \$ 1.48 Mohave System

Present Charge Per 1,000 Gallons of Water \$ 1.75 Rio System

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimums.

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) Monthly Minimum for 5/8 Inch Meter multiplied by number of units served.

(g) Tiers for 4, 6, 8 & 10 Commercial Inch meters computed as tier from 2 Inch Commercial meter divided by 500, 1,000, 1,600 & 2,300 gpm, respectively.

Line No.	Present Monthly Minimums	Percent of Water Sales	(a) Computed Monthly Minimums	Proposed Monthly Minimums	(b) Percent of Computed Monthly Minimums	Gallons Included In Minimum	(c) Tier One Break-Point	(c) Tier Two Break-Point	(b) Tier One Rate	(b) Tier Two Rate	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1	Public Authority										4,450	4,857	407	9.14%
2	5/8 inch	\$ 8.65	0.07%	\$ 16.38	\$ 10.65	65.02%	0	467,000	1.163	\$ 1,744	5,153	4,856	(298)	-5.78%
3	1 inch	15.00	0.15%	29.34	19.07	65.00%	0	467,000	1.163	1,744	3,877	3,924	47	1.20%
4	1 1/2 inch	25.00	0.10%	50.93	33.10	64.99%	0	467,000	1.163	1,744	60,154	61,402	1,249	2.08%
5	2 inch	30.00	1.89%	76.84	49.95	65.01%	0	467,000	1.163	1,744	15,446	15,844	398	2.57%
6	3 inch	60.00	0.57%	137.31	89.25	65.00%	0	467,000	1.163	1,744	19,694	20,889	1,195	6.07%
7	4 inch	90.00	0.73%	223.69	145.40	65.00%	0	467,000	1.163	1,744	33,295	36,600	3,305	9.93%
8	6 inch	200.00	1.20%	439.63	285.76	65.00%	0	467,000	1.163	1,744				
9	Total Water Sold		100.00%											
10														
11	Private Flts										396	409	13	3.33%
12	2 inch or smaller			\$ 3.00	\$ 3.10						4,554	4,706	152	3.33%
13	4 inch			6.00	6.20						1,620	1,674	54	3.33%
14	6 inch			9.00	9.30						720	744	24	3.33%
15	8 inch			12.00	12.40						180	186	6	3.33%
16	10 inch			15.00	15.50									
17	12 inch			18.00	18.60									
18	14 inch			21.00	21.70									
19	20 inch			30.00	31.02									
20														
21	Per Sprinkler Head			0.51	0.53						14,489	14,963	474	3.27%
22	Per each Private Fire Hydrant			7.64	7.89									
23	Difference between													
24	Bill Count Revenue and													
25	General Ledger Revenue										48,141	49,805	1,664	3.46%
26	Miscellaneous Revenues										108,705	108,705	-	0.00%
27	Total Revenues										4,394,228	4,535,277	141,049	3.21%
28														

Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

Meter Size →	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"	10"
Rate of Return at Present Rates:	13.55%	0.00%	23.24%	29.19%	14.99%	31.64%	-2.80%	-5.78%	-5.57%	-5.45%

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimums.

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) Monthly Minimum for 5/8 inch Meter multiplied by number of units served.

(g) Tiers for 4, 6, 8 & 10 Commercial inch meters computed as tier from 2 inch Commercial meter divided by 500, 1,000, 1,600 & 2,300 gpm, respectively.

Arizona / American Mohave Water
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Rate Schedule Summary
Three Tier Rates
Bill Comparison

Line No.	Customer Classification and/or Meter Size	(a)		Average Consumption Per Customer	Weighted Average Consumption Per Unit	Revenues		Revenues		Proposed Increase	
		Average Number of Customers at 12/31/01	Units at 12/31/01			Present Rates	Proposed Rates	Present Rates	Proposed Rates	Dollar Amount	Percent
1	Residential 5/8 Inch	11,933	11,933	7,500	7,500	16.27	17.43	16.27	17.43	(0.84)	-4.58%
2	Residential 1 Inch	29	29	21,141	21,141	88.42	92.65	88.42	92.65	4.23	4.78%
3	Residential 1.5 Inch	10	10	62,308	62,308	120.74	124.82	120.74	124.82	4.09	3.36%
4	Residential 2 Inch	176	578	13,801	4,241	43.76	43.01	13.45	13.21	(0.75)	-1.72%
5	Residential Multi-family 5/8 Inch	38	282	33,046	4,787	98.49	97.02	14.27	14.06	(1.47)	-1.48%
6	Residential Multi-family 1 Inch	4	133	71,750	1,983	388.89	409.94	10.13	11.33	43.25	11.80%
7	Residential Multi-family 1.5 Inch	108	1,641	53,220	3,496	189.71	192.80	12.46	12.66	3.08	1.85%
8	Residential Multi-family 2 Inch	2	107	216,583	4,048	731.83	751.37	13.88	14.04	19.54	2.67%
9	Residential Multi-family 4 Inch	1	757	1,920,929	4,175	7,008.36	7,250.19	11.78	12.05	241.82	3.45%
10	Residential Multi-family 6 Inch	264	284	11,942	11,942	25.15	22.60	25.15	22.60	(2.55)	-10.14%
11	Rio Water Residential 5/8 Inch	0	0	12,501	12,501	26.13	31.96	26.13	31.96	5.83	22.33%
12	Rio Water Residential 1 Inch	0	0	11,000	11,000	23.50	60.80	23.50	60.80	37.30	158.74%
13	Rio Water Residential 2 Inch	378	378	13,691	13,691	27.43	26.57	27.43	26.57	(0.86)	-3.14%
14	Commercial 5/8 Inch	135	135	28,529	28,529	55.74	52.25	55.74	52.25	(3.49)	-6.27%
15	Commercial 1 Inch	16	16	85,344	149.83	146.41	149.83	146.41	149.83	(3.42)	-2.28%
16	Commercial 1.5 Inch	163	163	103,576	181.81	170.41	181.81	170.41	181.81	(11.40)	-6.27%
17	Commercial 2 Inch	15	15	153,110	285.12	287.32	285.12	285.12	287.32	(2.20)	-0.77%
18	Commercial 3 Inch	20	86	26,526	5,822	69.33	71.37	15.81	16.28	2.04	2.95%
19	Commercial Multi-Unit 5/8 Inch	5	22	12,339	2,800	49.86	56.16	11.31	12.74	6.30	12.63%
20	Commercial Multi-Unit 1 Inch	1	5	123,250	24,650	218.26	190.77	43.65	38.15	(27.49)	-12.59%
21	Commercial Multi-Unit 1.5 Inch	3	37	126,781	9,263	283.04	283.01	21.41	20.88	(0.03)	-0.14%
22	Commercial Multi-Unit 2 Inch	27	27	3,731	3,731	12.89	14.99	12.89	14.99	2.30	18.10%
23	Public Authority 5/8 Inch	8	8	27,158	27,158	53.71	50.85	53.71	50.85	(3.06)	-5.70%
24	Public Authority 1 Inch	5	5	27,767	27,767	64.81	65.39	64.81	65.39	0.78	1.20%
25	Public Authority 1.5 Inch	37	37	74,826	74,826	139.28	138.97	139.28	138.97	(0.29)	-0.21%
26	Public Authority 2 Inch	1	1	830,167	830,167	1,287.17	1,285.73	1,287.17	1,285.73	(1.44)	-0.11%
27	Public Authority 3 Inch	1	1	1,050,083	1,050,083	1,642.64	1,705.42	1,642.64	1,705.42	62.77	3.82%
28	Public Authority 4 Inch	1	1	1,740,583	1,740,583	2,774.58	3,050.01	2,774.58	3,050.01	275.43	9.93%
29	Public Authority 6 Inch	7	7	-	-	3.00	3.10	6.00	6.20	0.10	3.33%
30	Private Fire 2 Inch	83	83	-	-	6.00	6.20	9.00	9.30	0.30	3.33%
31	Private Fire 4 Inch	14	14	-	-	9.00	9.30	12.00	12.40	0.40	3.33%
32	Private Fire 6 Inch	4	4	-	-	12.00	12.40	15.00	15.50	0.50	3.33%
33	Private Fire 8 Inch	1	1	-	-	15.00	15.50	7.64	7.89	0.25	3.27%
34	Private Fire 10 Inch	158	158	-	-	7.64	7.89	-	-	-	-
35	Private Fire Hydrant	13,628	18,896	-	-	-	-	-	-	-	-
36	Subtotal	13,628	18,896	-	-	-	-	-	-	-	-
37	Actual Year End Number of Customers:	13,785	17,315	-	-	-	-	-	-	-	-

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Arizona American - Sun City
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 1

Rejoinder Revenue Requirement 10,666,506
 Computed Revenues, from Proposed Rates 10,665,755

Percent Increase over Present Rates 72.60%

Line No.	Present Monthly Minimums	Percent of Water Sales	(a)		Gallons Included in Minimum	Percent of Computed Monthly Minimums	Tier			70% Tier One Rate			70% Tier Two Rate			120% Tier Three Rate			Present Revenue	Proposed Revenue	Dollar Change	Percent Change
			Computed Monthly Minimums	Proposed Monthly Minimums			Break-Point	Break-Point	Break-Point	Point	Point	Point	Point	Point	Point	Point	Point	Point				
Residential Rates:																						
1	5/8 Inch	5.00	\$ 17.21	\$ 11.19	0	65.02%	6,000	27,000	27,001	\$ 0.778	\$ 0.778	\$ 1.334	2,673,198	4,563,520	1,890,322	70.71%						
2	3/4 Inch	5.00	21.64	14.07	0	65.02%	6,000	27,000	27,001	0.778	0.778	1.334	1,817	3,462	1,645	90.53%						
3	1 Inch	13.00	30.49	19.82	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	66,902	114,892	47,990	71.73%						
4	1 1/2 Inch	28.00	52.63	34.21	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	1,486,167	2,543,351	1,057,184	71.13%						
5	2 Inch	41.00	79.20	51.48	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	638,283	1,106,719	468,436	73.39%						
6	2 1/2 Inch	70.00	141.19	91.77	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	13,103	25,683	12,580	96.01%						
7	3 Inch	103.00	229.74	149.33	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	6,383	13,244	-	107.47%						
8	4 Inch	141.00	451.14	283.24	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	-	-	-	-						
9	6 Inch		774.15	503.20	0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	-	-	-	-						
10	8 Inch				0	65.00%	6,000	27,000	27,001	0.778	0.778	1.334	-	-	-	-						
Computed Charge per 1,000 gallons of Water \$1.112000																						

37 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staffs Plant and Expenses.

38 (b) Percent of computed monthly minimum

39 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

40 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

41 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

42 (f) Tier for 8 Inch Commercial Meter computed as tier from 6 Inch Meter divided by 1,000 gpm, multiplied by 1,600-gpm.

Arizona American - Sun City
Test Year Ended December 31, 2001
Proposed Rates

Rate Schedule Summary
Three Tier Rates
Page 2

Line No.	Proposed Monthly Minimums	Tier One Break-Point	Tier Two Break-Point	70% Tier One Rate	120% Tier Two Rate	Present Revenue	Proposed Revenue	Dollar Change	Percent Change
1	Public Interruptible								
2	3 Inch	Zero	1,048,000	\$ 0.778	\$ 1.334	19	0	32	166.80%
3	8 Inch	Zero	1,048,000	0.778	1.334	72	51	58	80.00%
4	Fire Protection								
5	3 Inch	\$ 6.00				5,940	10,892	4,752	80.00%
6	4 Inch	9.00				7,350	13,230	5,880	80.00%
7	6 Inch	12.50				2,400	4,320	1,920	80.00%
8	8 Inch	20.00							
9	10 Inch	30.00				2,846	4,763	2,117	80.00%
10	Standby	3.50				113,419	113,419	-	0.00%
11	Miscellaneous Revenues					6,179,363	10,665,755	4,486,392	72.60%
12									
13									
14	Total Revenues								
15									
16	Totals Water Sales	100.00%							
17									

Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

Meter Size -->	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
Rate of Return at Present Rates:	-3.92%	-2.95%	5.95%	11.21%	8.43%	9.87%	-2.65%	3.42%	-6.75%

- (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.
 (b) Percent of computed monthly minimum
 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.
 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.
 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.
 (f) Tier for 8 Inch Commercial Meter computed as tier from 6 Inch Meter divided by 1,000 gpm, multiplied by 1,600 gpm.

Arizona American - Sun City
Test Year Ended December 31, 2001
Analysis of Revenue by Detailed Class at Average Usage

Rate Schedule Summary
Three Tier Rates
Bill Comparison

Line No.	Customer Classification and/or Meter Size	(a) Average Number of Customers		Revenues		Proposed Increase	
		at 12/31/01	Average Consumption	Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	19,214	8,361	\$ 11.17	\$ 19.01	7.84	70.13%
2	3/4 Inch Residential	8	15,869	18.08	31.90	13.82	76.46%
3	1 Inch Residential	117	38,788	47.17	76.10	28.94	61.35%
4	1.5 Inch Residential	1,312	73,721	94.30	160.43	66.12	70.12%
5	2 Inch Residential	425	91,864	123.99	214.02	90.02	72.60%
6	3 Inch Residential	3	321,194	363.98	713.43	349.45	96.01%
7	4 Inch Residential	-	-	-	-	-	0.00%
8	6 Inch Residential	2	137,292	\$ 265.79	\$ 546.73	280.94	105.70%
9	5/8 Inch Commercial	198	7,054	10.15	20.60	10.45	102.97%
10	3/4 Inch Commercial	21	-	-	-	-	0.00%
11	1 Inch Commercial	126	22,247	31.95	49.50	17.55	54.94%
12	1.5 Inch Commercial	181	46,341	69.11	96.03	26.92	38.94%
13	2 Inch Commercial	155	120,339	150.19	212.01	61.82	41.16%
14	3 Inch Commercial	23	204,111	256.26	364.05	107.79	42.06%
15	4 Inch Commercial	5	1,190,450	1,196.69	1,869.29	672.59	56.20%
16	6 Inch Commercial	7	2,486,155	2,426.74	3,736.46	1,309.72	53.97%
17	1 Inch Irrigation	2	77	13.05	19.92	6.87	52.66%
18	1.5 Inch Irrigation	117	64,318	13.05	19.92	6.87	52.66%
19	2 Inch Irrigation	1	613,500	13.05	19.92	6.87	52.66%
20	3 Inch Irrigation	1	27,462	13.05	19.92	6.87	52.66%
21	4 Inch Irrigation	-	-	-	-	-	0.00%
22	6 Inch Irrigation	1	10,762,250	7,136.46	18,308.22	#####	156.54%
23	3 Inch Public Interruptible	1	491,154	245.58	655.20	409.62	166.80%
24	8 Inch Public Interruptible	1	3,167	1.58	4.22	2.64	166.80%
25	3 Inch Fire Protection	1	-	6.00	10.80	4.80	80.00%
26	4 Inch Fire Protection	54	-	9.00	16.20	7.20	80.00%
27	6 Inch Fire Protection	48	-	12.50	22.50	10.00	80.00%
28	8 Inch Fire Protection	10	-	20.00	36.00	16.00	80.00%
29	10 Inch Fire Protection	-	-	-	-	-	0.00%
30	Standby	63	-	3.50	6.30	2.80	80.00%
31							
32	Totals	<u>22,098</u>					
33							
34	Actual Year End Number						
35	of Customers:	<u>22,195</u>					
36							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Rate Schedule Summary
Three Tier Rates
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Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Proposed Rates

Rejoinder Revenue Requirement										4,540,361		Percent Increase over Present Rates		34.90%		
Computed Revenues, from Proposed Rates										4,540,058						
Line No.	Present Monthly Minimums	Percent of Water Sales	(a) Compute Monthly Minimums	Proposed Monthly Minimums	(b) Percent of Computed Monthly Minimums	Gallons Included in Minimum	(c)			Tier Break-Point	Tier One Rate	(d) Tier Two Rate	(d) Tier Three Rate	Percent Increase		
							33.00% Tier One Break-Point	67.00% Tier Two Break-Point	(d) Tier One Rate							
1	Residential Rates:															
2	5/8 Inch \$ 5.00	60.97%	\$ 13.03	\$ 8.47	65.00%	0	4,000	12,000	12,001	\$0.724	\$1.242	\$1.863	2,078,864	2,775,367	696,503	33.50%
3	3/4 Inch \$ 5.00	0.02%	17.02	11.06	64.98%	0	4,000	12,000	12,001	0.724	1.242	1.863	409	631	222	54.17%
4	1 Inch \$ 13.00	1.04%	25.00	16.25	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	40,107	52,435	12,328	30.74%
5	1 1/2 Inch \$ 28.00	15.96%	44.95	29.22	65.01%	0	4,000	12,000	12,001	0.724	1.242	1.863	511,337	717,175	205,838	40.25%
6	2 Inch \$ 41.00	4.35%	68.89	44.78	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	162,039	221,507	59,468	36.70%
7	3 Inch \$ 70.00	0.00%	124.74	81.08	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	-	-	-	-
8	4 Inch \$ 103.00	5.07%	204.54	132.95	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	117,032	194,126	77,094	65.87%
9	6 Inch \$ 141.00		404.03	262.62	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	-	-	-	-
10	8 Inch		696.25	452.56	65.00%	0	4,000	12,000	12,001	0.724	1.242	1.863	-	-	-	-
11																
12	Computed Charge per 1,000 gallons of Water \$ 1.03490															
13																
14	Tier 1 Present Rate		\$ 0.93													
15	Tier 2 Present Rate		\$ 1.12													
16																
17																
18																
19																
20	Commercial Rates:															
21	5/8 Inch \$ 5.00	0.25%	\$ 13.03	\$ 8.47	65.00%	0	13,000	13,001	12,001	\$1.242	\$1.863	1.863	9,326	14,513	5,188	55.63%
22	3/4 Inch \$ 5.00	0.00%	17.02	11.06	64.98%	0	32,000	32,001	12,001	1.242	1.863	1.863	33,715	45,308	11,594	34.39%
23	1 Inch \$ 13.00	1.09%	25.00	16.25	65.00%	0	86,000	86,001	12,001	1.242	1.863	1.863	75,359	94,814	19,455	25.82%
24	1 1/2 Inch \$ 28.00	2.29%	44.95	29.22	65.01%	0	161,000	161,001	12,001	1.242	1.863	1.863	214,510	272,899	58,389	27.22%
25	2 Inch \$ 41.00	6.71%	68.89	44.78	65.00%	0	626,500	626,501	12,001	1.242	1.863	1.863	47,070	61,339	14,269	30.31%
26	3 Inch \$ 70.00	1.68%	124.74	81.08	65.00%	0	404,000	404,001	12,001	1.242	1.863	1.863	11,818	16,027	4,409	37.95%
27	4 Inch \$ 103.00	0.45%	204.54	132.95	65.00%	0	193,000	193,001	12,001	1.242	1.863	1.863	4,923	7,118	2,195	44.59%
28	6 Inch \$ 141.00	0.14%	404.03	262.62	65.00%	0	3,132,500	3,132,501	12,001	1.242	1.863	1.863	-	-	-	-
29	8 Inch		696.25	452.56	65.00%	0										
30	Totals Water Sales 100.00%															

(a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

(b) Percent of Computed Monthly Minimum

(c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

(d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

(e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

(f) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm

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Test Year Ended December 31, 2001
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Line No.	Present Monthly Minimums	Proposed Monthly Minimums	Present Revenue	Proposed Revenue	Dollar Increase	Percent Increase
1						
2	General Fire Sprinkler					
3	4 Inch 30.00	40.50	4,680	6,318	1,638	35.00%
4	6 Inch 45.00	60.75	11,880	16,038	4,158	35.00%
5	8 Inch 60.00	81.00	5,040	6,804	1,764	35.00%
6	10 Inch 120.00	162.00				
7						
8	Miscellaneous Revenues		37,640	37,640	-	0.00%
9	Total Revenues		3,365,549	4,540,058	1,174,510	34.90%

Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)

12	Meter Size →	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
13	Rate of Return at Present Rates	1.95%	14.26%	10.77%	27.10%	17.98%	29.79%	55.38%	-9.10%	-11.85%

- 14 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.
- 15 (b) Percent of Computed Monthly Minimum
- 16 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.
- 17 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.
- 18 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.
- 19 (f) 8 Inch Commercial Meter Tiers computed as 3 inch tier divided by 320 gpm, multiplied by 1,600 gpm

Arizona American - Sun City West Water
Test Year Ended December 31, 2001
Analysis of Revenue by Detailed Class at Average Usage

Rate Schedule Summary
Three Tier Rates
Bill Comparison

		(a)					
		Average					
		Number of					
		Customers					
		at					
		12/31/01					
		Consumption					

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71.95%

Line No.	Present Rates	Percent of Water Sales	(a)		Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included In Minimum	(c)			Tier Three Break-Point	(d) 70% Tier One Rate		Tier Two Break-Point	(d) 120% Tier Two Rate		(d) 180% Tier Three Rate	Present Revenue	Proposed Revenue	Dollar Increase	Percent Change
			Computed Monthly Minimums	\$				Tier One Break-Point	Tier Two Break-Point	Tier One Rate		Tier Two Rate									
1	Residential Rates:																				
2	5/8 Inch	\$ 15.35	78.79%	\$ 43.77	\$ 28.45	65.00%	0	6,000	17,000	17,001	1,664	\$ 1,664	17,001	2,853	\$ 4,280	4,280	193,116	319,125	126,009	65.25%	
3	3/4 Inch	\$ 15.35	4.16%	59.04	38.38	65.01%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280	11,709	23,166	11,457	97.85%	
4	1 Inch	\$ 23.00	0.60%	89.59	58.23	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280	1,501	2,994	1,493	99.46%	
5	1 1/2 Inch	\$ 46.00	0.48%	165.95	107.87	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280	1,671	3,302	1,631	97.57%	
6	2 Inch	\$ 76.00	0.06%	257.59	167.43	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280	1,255	4,133	2,879	229.42%	
7	3 Inch	\$ 90.00	0.00%	471.41	306.42	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280					
8	4 Inch	\$ 132.00		776.86	504.96	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280					
9	6 Inch	\$ 180.00		1,540.51	1,001.33	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280					
10	8 Inch	N/A		2,557.43	1,662.33	65.00%	0	6,000	17,000	17,001	1,664	1,664	17,001	2,853	4,280	4,280					
11																					
12	Computed Charge per 1,000 gallons of Water \$ 2.3775																				
13																					
14	Tier 1 Present Rate			\$ 1.66																	
15	Tier 2 Present Rate			\$ 2.04																	
16																					
17				(a)	Computed Monthly Minimums	Proposed Monthly Minimums	Percent of Computed Monthly Minimums	Gallons Included In Minimum	Tier One Break-Point	Tier Two Break-Point		(d) 120% Tier One Rate	(d) 180% Tier Two Rate								
18																					
19																					
20	Commercial Rates:																				
21	5/8 Inch	\$ 15.35	7.18%	\$ 43.77	\$ 28.45	65.00%	0	11,000	11,001	11,001	2,853	\$ 4,280	4,280	20,794	38,431	17,637				84.82%	
22	3/4 Inch	\$ 15.35	2.76%	59.04	38.38	65.01%	0	32,000	32,001	32,001	2,853	4,280	4,280	7,323	15,035	7,712				105.32%	
23	1 Inch	\$ 23.00	1.05%	89.59	58.23	65.00%	0	37,000	37,001	37,001	2,853	4,280	4,280	2,753	5,211	2,458				89.29%	
24	1 1/2 Inch	\$ 46.00	4.74%	165.95	107.87	65.00%	0	115,500	115,501	115,501	2,853	4,280	4,280	9,544	18,066	8,522				89.30%	
25	2 Inch	\$ 76.00	0.17%	257.59	167.43	65.00%	0	27,500	27,501	27,501	2,853	4,280	4,280	1,609	4,547	2,939				182.69%	
26	3 Inch	\$ 90.00		471.41	306.42	65.00%	0	360,938	360,938	360,938	2,853	4,280	4,280								
27	4 Inch (1)	\$ 132.00		776.86	504.96	65.00%	0	721,875	721,875	721,875	2,853	4,280	4,280								
28	6 Inch (1)	\$ 180.00		1,540.51	1,001.33	65.00%	0	1,155,000	1,155,000	1,155,000	2,853	4,280	4,280								
29	8 Inch (1)	N/A		2,557.43	1,662.33	65.00%	0														
30	Miscellaneous Revenues																				
31	Total Revenues																				

335 (a) Computed Monthly Minimums are from Cost of Service Study in Rebuttal Phase, which used ACC Staff's Plant and Expenses.

36 (b) Percent of Computed Monthly Minimums.

37 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

38 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12.

39 (e) All water sales for construction, resale, and non-general meters customers will be billed at highest tier plus monthly minimum.

40 (1) Tiers for 4, 6 & 8 Commercial Inch meters computed as tier from 2 Inch Commercial meter divided by 160 gpm multiplied by 500, 1,000 & 1,600 gpm, respectively..

Arizona American - Tubac
Test Year Ended December 31, 2001
Proposed Rates

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Line No.	Rate of Return at Present Rates From Cost of Service Study (Using ACC Staff Plant & Expenses)	1"	1 1/2"	2"	3"
1					
2					
3					
4	Meter Size →	3/4"	1 1/2"	2"	3"
5	Rate of Return at Present Rates:	0.00%	2.67%	6.73%	-4.06%

11 (a) Computed Monthly Minimums are from Cost of Service Study In Rebuttal Phase, which used ACC Staff's Plant and Expenses.

12 (b) Percent of Computed Monthly Minimums.

13 (c) Tiers set at percent of consolidation factor. Percent amount above this column is percent of consolidation factor.

14 (d) Percent of "Computed Charge per 1,000 gallons" on Line 12, Page 1.

15 (e) All construction Water, sales for resale & non-general metered customers will be billed at highest tier rate, plus monthly minimum.

16 (1) Tiers for 4, 6 & 8 Commercial Inch meters computed as tier from 2 inch Commercial meter divided by 160 gpm multiplied by 500, 1,000 & 1,600 gpm, respectively..

Arizona American - Tubac
Analysis of Revenue by Detailed Class at Average Usage
Test Year Ended December 31, 2001

Rate Schedule Summary
Three Tier Rates
Bill Comparison

Line No.	Customer Classification and/or Meter Size	(a) Average Number of Customers at 12/31/01	Average Consumption	Revenues		Proposed Increase	
		Present Rates		Proposed Rates	Dollar Amount	Percent Amount	
1	5/8 Inch Residential	401	13,177	\$ 39.19	\$ 58.91	19.72	50.31%
2	1 Inch Residential	18	15,301	51.17	94.75	43.58	85.15%
3	1.5 Inch Residential	1	40,250	125.07	248.75	123.68	98.89%
4	2 Inch Residential	1	32,500	139.26	275.14	135.88	97.57%
5	3 Inch Residential	1	-	-	-	-	0.00%
6							
7	5/8 Inch Commercial	53	9,090	30.85	54.38	23.53	76.26%
8	1 Inch Commercial	10	19,172	59.07	112.93	53.86	91.17%
9	1.5 Inch Commercial	2	35,167	114.70	208.20	93.50	81.52%
10	2 Inch Commercial	2	159,167	397.66	683.84	286.18	71.97%
11	3 Inch Commercial	1	22,833	133.54	371.56	238.02	178.24%
12							
13	Totals	490					
14							
15	Actual Year End Number						
16	of Customers:	494					

18 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

19
20